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# Ex-Army Man's Spy Trial Set After Two-Year Delay

## *U.S. Claims Double Agent Information Sold*

By Caryle Murphy
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Richard Craig Smith, a former Army counterintelligence specialist accused of giving a Soviet KGB officer the identity of six U.S. double agents for $11,000, goes on trial tomorrow in Alexandria after a two-year court fight over his efforts to use classified information in his defense.

Smith's arrest at Dulles International Airport in April 1984 and his subsequent claim that he contacted the Soviet official at the behest of the Central Intelligence Agency disclosed allegations of what at the time seemed to be a rare and serious case of espionage.

Since then the case against Smith, a 42-year-old Mormon from Bellevue, Wash., has been overshadowed by a wave of espionage cases in which 25 people have been charged with spying.

Smith, a McLean High School graduate and father of four, is charged with conspiracy, with transmitting the identities of six double agent operations and with disclosing classified information—all charges he denies.

If convicted, he could be sentenced to life in prison.

At issue during Smith's trial, expected to last at least a week, will be conflicting explanations for events both sides agree took place: that in 1983 Smith met with KGB officer Victor I. Okunev, then a first secretary in the Soviet Embassy in Tokyo, and told him the identities of purported U.S. double agents in exchange for $11,000.

Federal prosecutors allege that Smith sold the information because he encountered financial difficulties after leaving the Army's Intelligence and Security Command in 1980.

He had been a case officer for double agent operations during the last seven of his 13 years in the Army.

Four months before he met with the KGB officer, Smith had declared bankrupt a video company he owned in Utah.

Smith and his attorneys contend that he acted only after he was contacted by two men who said they worked for the CIA and who asked him to pass the information to the Soviets as part of an operation to infiltrate Soviet intelligence.

In a 1984 interview with The Washington Post a month after his release on $500,000 bond, Smith said he was instructed to pose as an American businessman with terminal cancer who wanted to secure financial help for his family. He was warned, he said, that the CIA would disavow him if he was discovered.

He said the information he passed to Okunev did not harm national security.

"Some of of those operations never existed," he told the Post. "Some of them did work, but they had been terminated .... There was no damage."

Smith, who speaks Japanese and had top secret clearances, said that his meetings with Okunev ended when the two CIA agents disappeared. He said he was unable to contact them despite repeated attempts.

In an effort to find out what happened, Smith said, he contacted a former bishop in the Mormon Church, who was an FBI agent. The agent made a report to the FBI that eventually led to Smith's arrest.

Federal prosecutor Joseph Aronica has said Smith contacted the FBI and told them of his meetings with Okunev because he believed that he had been detected.

Smith said the two CIA agents, who identified themselves as Ken White and Danny Ishida, gave him a contact telephone number in Hawaii. The number proved to be that of the now-defunct Honolulu investment firm Bishop, Baldwin, Rewald, Dillingham and Wong.

After the firm collapsed in 1983, leaving investors with losses of more than $10 million, one of its directors, Ronald R. Rewald, alleged in a lawsuit that the firm had been a front for the CIA. The CIA has acknowledged using one of the firm's subsidiaries, CMI Investment Corp., as a cover for agents, but it has denied any involvement in the firm's financial dealings.

RICHARD CRAIG SMITH
... says CIA agents recruited him

Last October Rewald was convicted of 94 counts of perjury, fraud and tax evasion and sentenced to 80 years in prison in connection with his firm's collapse.

Smith's trial, originally set for July 9, 1984, was delayed when federal prosecutors appealed a ruling by Judge Richard L. Williams that Smith could use some classified information at his trial. Much of the information was related to the investment firm and had been placed under seal at the CIA's request.

William's ruling was upheld on appeal, but the government asked for reconsideration by the full 4th U.S. Circuit Court of Appeals. In a 7-to-5 decision last December, the judges reversed the ruling, clearing the way for Smith's trial.

In the meantime, much of the secret information in dispute was declassified. Federal prosecutors made it available to Smith's defense team two weeks ago, according to Smith's lawyer, William B. Cummings.

The documents confirm that CMI Investment Corp. was used as a front by a CIA agent named Charles Richardson, who has left CIA and cannot be located, Cummings said.

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